

# South Dakota Office of School and Public Lands



July 1, 2016 - June 30, 2017  
Annual Report



# School and Public Lands

Ryan Brunner, State Land Commissioner

December 1, 2017

The Honorable Dennis Daugaard  
Governor of South Dakota  
500 East Capitol Avenue  
Pierre, SD 57501

Dear Governor Daugaard:

Pursuant to SDCL §5-1-14, please accept this report covering the transactions, funds, and status of the Office of School and Public Lands for the fiscal year ended June 30, 2017.

A few highlights from the year include:

- More than 132,885.24 acres of grazing and agricultural property located in 23 counties were leased at public auction. We now have a total of 759,082.933 acres leased out. Land rentals reached a new record high of \$6.65 million.
- We were able to return \$12,606,478.75 to the state's public schools, universities and endowed institutions.
- In FY2017 we retained the oil and gas wells in production however the production royalties tied to the price of a barrel of oil fell significantly. However, record surface leasing and solid earnings from the trust fund maintained our net revenue for education.

Please feel free to contact our office with any questions or requests for additional information.

Respectfully submitted,

Ryan Brunner  
Commissioner of School and Public Lands

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# Staff

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COMMISSIONER  
Ryan Brunner



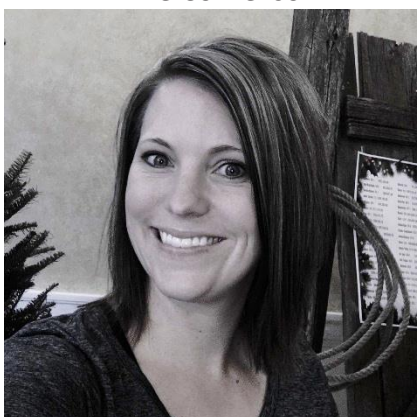
DEPUTY COMMISSIONER  
Mike Lauritsen



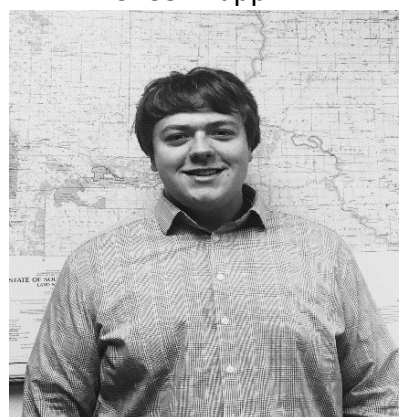
SURFACE AGENT  
Mike Cornelison



INVESTMENT OFFICER  
Renee Knapp



ADMINISTRATIVE ASSISTANT  
Cara Jordan



OIL, GAS & MINERAL AGENT  
Treyton Kost-Hillmer

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# Mission Statement & Purpose

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To ensure efficient and superior management of school and endowment lands and trust funds owned and administered by the State of South Dakota.

SDCL 5-1-7. "The commissioner of school and public lands shall have the direction, management, and control of all lands heretofore granted or which may hereafter be granted to this state by the United States, or otherwise acquired, and of all the plats and records pertaining to the title thereto and the disposition thereof."

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## Office History

When South Dakota became a state in 1889, the Federal Government granted the state over 3.5 million acres of land. Township sections 16 and 36 were reserved for school and public purposes; these are known as Common School Lands. If the sections were already settled, the government provided replacement property known as indemnity lands.

Additional property was also provided to be used however the state wished. The South Dakota Constitution divided these lands among what would become the state's universities: the School for the Visually Handicapped, the School for the Deaf, State Training School, and the Developmental Center in Redfield. To manage these lands and the money generated, the Constitution established the Office of School & Public Lands.

According to the Constitution, common school and indemnity lands were either to be sold or leased and the proceeds deposited in a permanent trust fund for education. The principal could be increased, but never diminished. Interest from the fund was to be used for funding education.

Each year the office returns approximately \$12 million to school districts and endowed institutions. The money is generated from grazing, mineral, oil and gas leases, interest from the Permanent Fund, and interest earned on land and sales contracts.



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## Surface Division

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Grazing and agricultural (farming) leases are offered with five-year terms. At the end of five years, the lessee can pursue one five-year extension of the lease. In 2017, the Office of School & Public Lands managed 760,028.851 acres.

For expiring and canceled leases, annual surface lease auctions are held in March and early April of each year. These public auctions are held on a county-by-county basis at each county courthouse. The starting bid for each lease is set annually by the commissioner, and based on a formula established forth in state law.

Surface lessees are responsible for paying the annual property taxes due for the property that he or she leases. Lessees have the ability to construct and own improvements on the property and share the cost of controlling noxious weeds and pests with the Office of School and Public Lands.



\*Photo courtesy of SD Dept. of Tourism

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## Leased Surface Acres By County

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AURORA	1,058.210
BEADLE	5.200
BENNETT	12,563.810
BROOKINGS	537.750
BROWN	3,973.550
BRULE	6.520
BUTTE	72,564.177
CAMPBELL	8,549.678
CLARK	421.210
CORSON	22,842.910
CUSTER	9,078.261
DAY	595.330
DEWEY	6,692.680
EDMUNDS	13,212.570
FALL RIVER	19,098.200
FAULK	12,370.156
GREGORY	40.000
HAAKON	12,562.210
HAND	8,475.320
HARDING	252,423.989
HUGHES	397.220
HYDE	22,182.590
JACKSON	3,547.730
JERAULD	430.000
JONES	4,080.000
LINCOLN	640.000
LYMAN	8,769.610
MARSHALL	3,250.242
MCPHERSON	21,761.840
MEADE	44,190.820
MELLETTE	11,625.690
PERKINS	72,271.380
PENNINGTON	27,451.410
POTTER	22,012.440
SPINK	2,402.060
STANLEY	8,274.124
SULLY	14,476.666
TRIPP	5,238.450
UNION	434.200
WALWORTH	13,411.232
ZIEBACH	13,809.138
<b>TOTAL ACRES:</b>	<b>759,082.933</b>

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## Surface Revenue By Land Class

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COMMON SCHOOL	\$5,210,697.23
SOUTH DAKOTA STATE UNIVERSITY	\$462,428.17
UNIVERSITY OF SOUTH DAKOTA	\$108,308.43
PUBLIC BUILDINGS	\$64,488.32
SDSU EXPERIMENTAL STATION	\$21,075.09
DOC JUVENILE PROGRAMS	\$26,965.79
SCHOOL FOR THE DEAF	\$37,159.42
SCHOOL FOR THE VISUALLY IMPAIRED	\$130,523.05
REDFIELD HOSPITAL AND SCHOOL	\$104,664.66
SCHOOL OF MINES	\$76,034.84
DAKOTA STATE UNIVERSITY	\$118,949.61
SPRINGFIELD	\$81,520.56
NORTHERN STATE UNIVERSITY	\$81,882.79
REDFIELD SD DEVELOPMENT CENTER	\$800.00
CORRECTIONS/PLANKINTON	\$6,940.00
BLACK HILLS STATE UNIVERSITY	\$118,949.61
<b>TOTAL</b>	<b>\$6,651,387.58</b>



\*Photo courtesy of SD Dept. of Tourism



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# Weed & Pest Control

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As with any owners of grazing and farm land, the proper management and control of noxious weeds and pests is an important issue for the Office of School & Public Lands. Each year, School & Public Lands is allocated a percentage of pesticide registration fees collected by the South Dakota Department of Agriculture. These funds, known as the School & Public Lands Weed and Pest Fund, are used to pay for travel, contractual labor and supplies associated with the control of weeds and pests on state trust lands.

Generally, the surface lessee of a tract of School & Public Land is responsible for paying for the application of an appropriate herbicide or pesticide, while the cost of the chemical is paid from the School & Public Lands Weed and Pest Fund. School and Public Lands has also partnered with various regional and county weed boards to assist with the comprehensive management of widespread noxious weeds.

From July of 2016 through June of 2017, School & Public Lands spent a total of \$272,483 on efforts to control and manage noxious weeds and pests, including Canada Thistle, Leafy Spurge, Salt Cedar and prairie dogs.



Leafy Spurge



Canada Thistle

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## Mineral Division

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The Office of School & Public Lands holds mineral lease auctions in the spring, summer and fall of each year. Individuals and companies submit nominations for tracts of mineral holdings that they are interested in leasing. The nominated tracts are then offered at public auction. Auction dates and nomination deadlines are posted on the website at [www.sdpubliclands.com](http://www.sdpubliclands.com).

Mineral leases are issued for a maximum of fifteen years; oil and gas leases are issued for five year terms. All leases can be held indefinitely as long as there is production on the lease.



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# Mineral Revenue

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## FY 17 MINERAL REVEUE

Mineral, Oil & Gas Lease Rentals	\$63,168.00
Oil & Gas Royalty	\$1,266,908.66
Mineral, Oil & Gas Bonus	\$0.00
Oil & Gas Miscellaneous	\$40.00
Interest	\$6,638.30
<b>TOTAL</b>	<b>\$1,336,754.96</b>



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# Leased Mineral Acres

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## LEASED MINERAL ACRES BY COUNTY

### County Acres

Fall River County	18,685.00
Harding County	127,025.37
Slope Co, ND	15.00
Wilboux Co, MT	512.00
Weston Co, WY	3,324.00

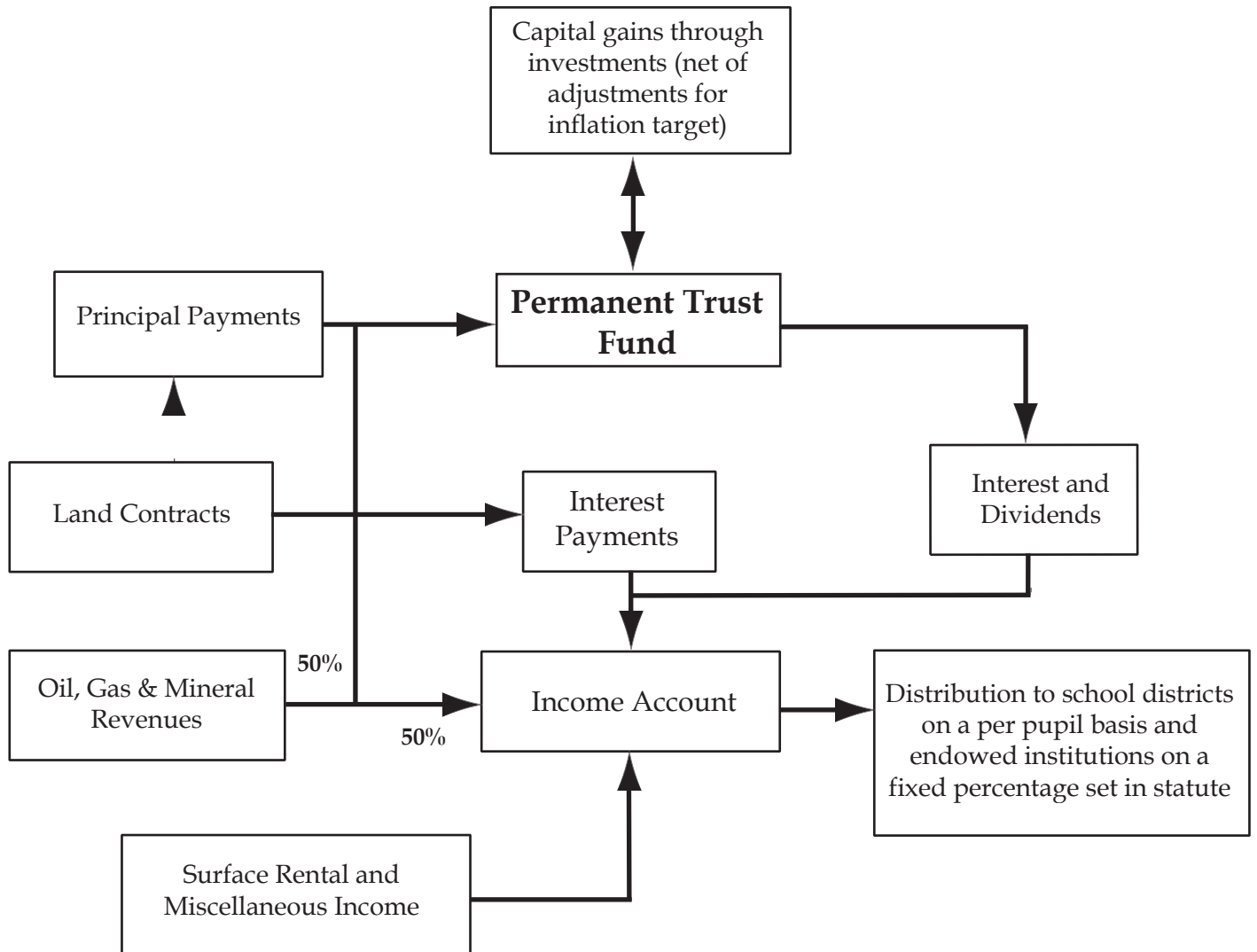
Total Acres: 149,581.37



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## School & Public Lands Income Flow Chart

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# Education: Permanent Trust Fund

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At statehood, the Permanent Trust Fund was established with the intent of providing a continuous source of revenue for public schools, universities and endowed institutions. Proceeds from the sale of land are to be deposited in the fund, which can be added to but never diminished. The interest revenue generated by the fund is apportioned to school districts, universities and endowed institutions. Prior to the year 2001, the growth of the fund was based on land sales, mineral revenue and capital gains. In the 2000 general election, the voters changed the Constitution and chose to allow the Commissioner of School & Public Lands to increase investment opportunities for the permanent school fund and retain the inflation percentage in the fund also known as the Consumer Price Index Adjustment or CPI.

The inflation rate for FY17 was 1.610073%. The total principal balance of the permanent school and other educational charitable funds as of June 30, 2016 was \$194,475,083.26. The inflation rate applied to the principal balance results in an inflation adjustment of \$3,131,190.93 for Fiscal Year 2017.

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## FY 17 TRUST & INTEREST FUND Balances

Interest and Income Fund	\$563,835.85
Common School	\$11,615,124.15
University and Endowed Institutions	\$943,144.72
Escheats	\$0.00
<b>TOTAL</b>	<b>\$13,122,104.72</b>

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## Permanent Funds Balance

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Common School	\$160,291,908.55
Normal (BHSU & DSU) Schools	\$5,463,244.98
SDSU Experimental Station	\$1,589,179.02
Northern State University	\$3,016,270.00
Redfield Developmental Center	\$1,613,464.15
SD School for the Visually Handicapped	\$1,531,932.48
SD School for the Deaf	\$1,836,380.45
SD School of Mines and Technology	\$2,259,263.21
South Dakota State University	\$8,383,700.57
Department of Corrections - Juvenile Programs	\$1,912,407.51
University of South Dakota	\$4,214,451.34
Human Services Center	\$3,895,805.52
Public Buildings	\$402,140.97
Maint. and Repair – Deaf/Blind Visually Impaired Schools	\$1,686,162.67
Escheats	\$162,068.19
<b>TOTAL</b>	<b>\$198,258,379.61</b>



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## Dollars Returned to Public Schools A-D

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Aberdeen 06-1	\$361,432.50
Agar-Blunt-Onida 58-3	\$21,258.37
Alcester-Hudson 61-1	\$22,887.80
Andes Central 11-1	\$29,792.36
Arlington 38-1	\$19,393.02
Armour 21-1	\$11,175.83
Avon 04-1	\$15,741.72
Baltic 49-1	\$30,849.16
Belle Fourche 09-1	\$97,759.25
Bennett County 03-1	\$50,626.76
Beresford 61-2	\$43,002.92
Big Stone City 25-1	\$5,830.49
Bison 52-1	\$10,923.30
Bon Homme 04-2	\$35,900.05
Bowdle 22-1	\$7,692.17
Brandon Valley 49-2	\$284,453.98
Bridgewater-Emery 30-3	\$23,159.08
Britton - Hecla 45-4	\$28,789.31
Brookings 05-1	\$229,680.58
Burke 26-2	\$15,368.98
Canistota 43-1	\$14,285.42
Canton 41-1	\$67,716.16
Castlewood 28-1	\$17,303.20
Centerville 60-1	\$16,953.67
Chamberlain 07-1	\$92,179.76
Chester 39-1	\$24,893.15
Clark 12-2	\$28,093.39
Colman-Egan 50-5	\$23,675.85
Colome Consolidated 59-3	\$13,586.87
Corsica - Stickney 21-3	\$21,582.09
Custer 16-1	\$69,082.26
Dakota Valley 61-8	\$98,340.85
De Smet 38-2	\$18,172.75
Dell Rapids 49-3	\$75,796.67
Deubrook 05-6	\$24,042.62
Deuel 19-4	\$38,812.15
Doland 56-2	\$13,423.62
Douglas 51-1	\$191,050.89
Dupree 64-2	\$26,360.92

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## Dollars Returned to Public Schools E-I

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Eagle Butte 20-1	\$103,371.88
Edgemont 23-1	\$10,542.54
Edmunds Central 22-5	\$10,246.61
Elk Mountain 16-2	\$870.83
Elk Point-Jefferson 61-7	\$54,167.95
Elkton 05-3	\$21,217.81
Estelline 28-2	\$17,685.87
Ethan 17-1	\$12,709.29
Eureka 44-1	\$9,071.33
Faith 46-2	\$10,048.27
Faulkton Area 24-4	\$22,481.88
Flandreau 50-3	\$63,490.65
Florence 14-1	\$11,001.68
Frederick Area 06-2	\$11,041.65
Freeman 33-1	\$26,324.88
Garretson 49-4	\$34,385.33
Gayville-Volin 63-1	\$15,061.78
Gettysburg 53-1	\$14,409.73
Grant-Deuel 25-3	\$8,906.70
Gregory 26-4	\$26,052.61
Groton Area 06-6	\$41,331.55
Haakon 27-1	\$16,698.38
Hamlin 28-3	\$53,377.31
Hanson 30-1	\$31,907.22
Harding County 31-1	\$14,769.89
Harrisburg 41-2	\$312,257.24
Henry 14-2	\$8,472.43
Herreid 10-1	\$6,167.42
Highmore-Harrold 34-2	\$19,290.73
Hill City 51-2	\$34,793.55
Hitchcock-Tulare 56-6	\$15,772.74
Hot Springs 23-2	\$58,075.77
Hoven 53-2	\$10,932.69
Howard 48-3	\$25,597.53
Huron 02-2	\$204,892.39
Ipswich Public 22-6	\$29,419.85
Irene-Wakonda 13-3	\$20,907.39
Iroquois 02-3	\$14,675.12

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## Dollars Returned to Public Schools J-R

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Jones County 37-3	\$11,989.02
Kadoka Area 35-2	\$49,348.79
Kimball 07-2	\$17,143.79
Lake Preston 38-3	\$11,053.42
Langford Area 45-5	\$15,430.83
Lead-Deadwood 40-1	\$56,230.19
Lemmon 52-4	\$21,068.02
Lennox 41-4	\$78,837.25
Leola 44-2	\$15,790.88
Lyman 42-1	\$48,202.28
Madison Central 39-2	\$90,701.72
Marion 60-3	\$15,868.65
McCook Central 43-7	\$28,584.82
McIntosh 15-1	\$7,264.03
McLaughlin 15-2	\$49,575.50
Meade 46-1	\$196,829.36
Menno 33-2	\$19,551.93
Milbank 25-4	\$67,026.69
Miller 29-4	\$33,733.09
Mitchell 17-2	\$211,947.72
Mobridge-Pollock 62-6	\$47,565.66
Montrose 43-2	\$17,111.33
Mount Vernon 17-3	\$11,861.50
New Underwood 51-3	\$12,532.75
Newell 09-2	\$23,558.54
Northwestern Area 56-7	\$20,389.83
Oelrichs 23-3	\$1,720.31
Oldham-Ramona 39-5	\$8,856.67
Parker 60-4	\$27,204.26
Parkston 33-3	\$37,107.43
Pierre 32-2	\$187,296.33
Plankinton 01-1	\$19,638.03
Platte-Geddes 11-5	\$39,208.39
Rapid City 51-4	\$1,058,363.18
Redfield 56-4	\$41,134.96
Rosholt 54-4	\$11,462.64
Rutland 39-4	\$7,432.43



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## Dollars Returned to Public Schools S-Z

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Sanborn Central 55-5	\$13,957.36
Scotland 04-3	\$19,273.94
Selby 62-5	\$15,844.54
Shannon County 65-1	\$287,269.41
Sioux Falls 49-5	\$1,771,730.40
Sioux Valley 05-5	\$44,590.52
Sisseton 54-2	\$112,640.53
Smee 15-3	\$9,884.69
South Central 26-5	\$7,726.12
Spearfish 40-2	\$152,712.78
Stanley County 57-1	\$37,027.29
Stickney 01-2	\$9,775.51
Summit 54-6	\$9,775.51
Tea Area 41-5	\$114,860.29
Timber Lake 20-3	\$19,358.22
Todd County 66-1	\$187,800.18
Tripp-Delmont 33-5	\$16,109.39
Tri-Valley 49-6	\$69,731.00
Vermillion 13-1	\$89,610.77
Viborg-Hurley 60-6	\$29,023.89
Wagner 11-4	\$64,199.55
Wall 51-5	\$16,117.18
Warner 06-5	\$16,900.68
Watertown 14-4	\$312,273.15
Waubay 18-3	\$17,429.29
Waverly 14-5	\$10,536.58
Webster Area 18-5	\$35,844.69
Wessington Springs 36-2	\$21,151.85
West Central 49-7	\$94,825.87
White Lake 01-3	\$8,666.48
White River 47-1	\$27,092.79
Willow Lake 12-3	\$13,606.38
Wilmot 54-7	\$12,189.82
Winner 59-2	\$52,236.15
Wolsey-Wessington 02-6	\$17,213.51
Woonsocket 55-4	\$13,867.59
Yankton 63-3	\$211,271.79

**TOTAL**

**\$10,196,470.79**

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Dollars Returned to Universities

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**South Dakota State University** **\$717,342.08**

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SDSU INVESTED INCOME	\$60,212.36
SDSU SURFACE LEASING	\$461,254.36
SDSU MINERALS INCOME	\$21,419.28
ADDITIONAL PAYOUT	\$168,891.08
TIMBER INCOME	\$5,565.00

**Dakota State University** **\$202,368.44**

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DSU INVESTED INCOME	\$16,656.69
DSU SURFACE LEASING	\$149,563.13
DSU MINERALS INCOME	\$7,140.18
ADDITIONAL PAYOUT	\$29,008.44

**University of South Dakota** **\$236,041.00**

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USD INVESTED INCOME	\$116,208.47
USD SURFACE LEASING	\$108,308.43
USD MINERALS INCOME	\$11,524.10

**SD School of Mines & Technology** **\$133,022.00**

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SCHOOL OF MINES INVESTED INCOME	\$51,631.46
SCHOOL OF MINES SURFACE LEASING	\$76,034.84
SCHOOL OF MINES MINERALS INCOME	\$5,355.70

**Black Hills State University** **\$202,368.44**

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BHSU INVESTED INCOME	\$33,965.72
BHSU SURFACE LEASING	\$149,563.14
BHSU MINERALS INCOME	\$7,140.18
ADDITIONAL PAYOUT	\$29,008.44

**Northern State University** **\$183,393.00**

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NORTHERN INVESTED INCOME	\$67,195.55
NORTHERN SURFACE LEASING	\$109,056.31
NORTHERN MINERALS INCOME	\$7,141.14

**Total** **\$1,674,534.96**

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Dollars Returned to Endowed Institutions

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<b>Juvenile Corrections</b>	<b>\$88,810.23</b>	
TRAINING SCHOOL INVESTED INCOME		\$56,489.21
TRAINING SCHOOL SURFACE LEASING		\$26,965.79
TRAINING SCHOOL MINERALS INCOME		\$5,355.23
<b>SD &amp; SVH Administrative Fund</b>	<b>\$50,331.29</b>	
SD & SVH INTEREST ON INVESTMENTS		\$50,331.29
<b>Redfield Development Center</b>	<b>\$157,669.05</b>	
REDFIELD INVESTED INCOME		\$47,648.81
REDFIELD SURFACE LEASING		\$104,664.66
REDFIELD MINERALS INCOME		\$5,355.58
<b>School for the Deaf</b>	<b>\$96,970.02</b>	
SCHOOL FOR THE DEAF INT. ON INVEST.		\$54,656.15
SCHOOL FOR THE DEAF SURFACE LEASING		\$36,958.17
SCHOOL FOR THE DEAF MINERALS INCOME		\$5,355.70
<b>SDSU Experimental Station</b>	<b>\$71,381.98</b>	
EXPERIMENTAL STATION INT. ON INVEST.		\$46,959.34
EXPERIMENTAL STATION SURFACE LEASING		\$21,075.09
EXPERIMENTAL STATION MINERAL INCOME		\$3,347.55
<b>School for the Visually Handicapped</b>	<b>\$174,662.12</b>	
SCHOOL FOR THE BLIND SURFACE LEASING		\$91,364.80
SCHOOL FOR THE BLIND MINERALS INCOME		\$3,347.20
SCHOOL FOR THE BLIND ADDITIONAL INCOME		\$39,158.25
SCHOOL FOR THE BLIND ADDITIONAL INCOME		\$40,791.87
<b>Human Services</b>	<b>\$95,648.43</b>	
HUMAN SERVICES INTEREST ON INVESTMENTS		\$95,648.43
<b><u>TOTAL</u></b>	<b><u>\$735,473.12</u></b>	

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